

## **Fair Political Practices Commission**

### **MEMORANDUM**

To: Chairman Randolph, Commissioners Blair, Downey, Huguenin and Remy

From: John M. Appelbaum, Chief of Enforcement  
Amanda Saxton, Commission Counsel

Date: January 5, 2006

Subject: Informational Items: Voluntary Return of Contributions Made in the Name of Another under Government Code Section 85701

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#### **Disgorgement of Laundered Contributions**

Under the Political Reform Act (the “Act”),<sup>1</sup> pursuant to section 85701, a candidate or committee that receives a contribution made in the name of another in violation of section 84301, commonly referred to as a “laundered” contribution, is required to pay to the General Fund of the state the amount of the contribution.

#### **Fostering Compliance with the Disgorgement Requirement**

The informational items on the agenda this month regarding the voluntary return of contributions made in the name of another were the result of prosecutions by the Los Angeles City Ethics Commission (L.A. Ethics) and the Fair Political Practices Commission (FPPC) for laundering of campaign contributions. Earlier this year, as the result of prosecution by L.A. Ethics, several individuals admitted to laundering contributions to the former controlled committee of Kathleen Connell, the Kathleen Connell for Mayor committee.

Also this year, as the result of prosecution by the FPPC, two individuals admitted to laundering contributions to the controlled committee of William Kolender, the Friends of Bill Kolender for Sheriff committee.

The Enforcement Division has begun proactive enforcement of the disgorgement requirement. We had no evidence to suggest that these committees were aware they had received laundered contributions or had otherwise violated the Act. As an equitable matter, the Enforcement Division preferred to gain voluntary compliance prior to instituting an enforcement action. As a result, demand letters were sent informing each committee that they were in receipt of laundered contributions, and requesting voluntary

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

payment to the General Fund. Both committees promptly made the required payment in full, and confirming letters (attached hereto) were sent to the committees acknowledging their compliance with section 85701.